Company	Plant Location	Parent	Share	New or Acquired	Product Line	Employees	Year Plant Opened or Acquired
Nichimo Northwest, Inc.	Everson, WA	Nichimo Co., Ltd. Northwest Net & Twine, Inc.	70 30	New	Gill nets	8	1982
eNidek Inc.	Palo Alto, CA	Nidek Co., Ltd.	100	New	Auto-refractometers, photocoagulators/other ophthalmologic instruments	4	1983
eNiitakaya USA Inc.	Los Angeles, CA	Niitakaya Co., Ltd.	100	Acquired	Pickles	10	1983
Nikko Wolverine Inc.	Dearborn Heights, MI	Nippon Mining Co., Ltd. C. Itoh & Co., Ltd. UOP Inc.	51 29 20	Acquired	Titanium/zirconium tubes/pipe	60	1981
Nintendo of America, Inc.	Seattle, WA	Nintendo Co., Ltd.	100	New	Video game machines	40	1982
eNippondenso Sales, Inc.	Battle Creek, MI	Nippondenso Co., Ltd.	100	New	Automotive windshield washers/ heaters	40	1983
North American Brine Resources	Kingfisher County, OK (three sites)	United Resources Industry Co., Ltd. Mitsui & Co., Ltd. Beard Oil Co.	50 10 40	New	Iodine	5	1982
eNorth American Lighting, Inc.	Flora, Il	Koito Manufacturing Co., Ltd. Westfalische Metal Industrie AG	49 51	New	Aucomotive lighting equipment	26	1983
North Pacific Processors Inc.	Cordova, AK	Marubeni Corp.	100	New	Canned/frozen fish		1972
North Pacific Processors Inc.	Kenai, AK	Marubeni Corp.	100	New	Canned/frozen fish	450	1972
North Pacific Processors Inc.	Kodiak, AK	Marubeni Corp.	100	New	Canned/frozen fish		1972
Nutrius Inc.	Van Buren, AR	Mitsui & Co., Ltd.	100	Acquired	Feed additives		1981
Nutrius Inc.	Fresno, CA	Mitsui & Co., Ltd.	100	Acquired	Feed additives	136	1981
eNutrius Inc.	Manson, IA	Mitsui & Co., Ltd.	100	Acquired	Feed additives		1983
Nutrius Inc.	Louisville, KY	Mitsui & Co., Ltd.	100	Acquired	Feed additives		1981
eOki America Inc.	Norcross, GA	Oki Electric Industry Co., Ltd.	100	New	Electronic private branch exchanges, cellular mobile telecommunications equipment	150	1984
Olympic Wood Products Inc.	Shelton, WA	Takeuchi Lumber Co., Ltd. Kanda Corp. Aika Kogyo Co., Ltd.	50 40 10	New	Lumber	15	1982
Orange Bakery Inc.	Irvine, CA	Rheon Automatic Machinery Co., Ltd.	100	New	Bakery products	n.a.	1979
Orient Shimazaki Chemical Corp.	Newark, NJ	Shimazaki Corp. Orient Chemical Industries Co., Ltd.	n.a. n.a.	New	Nigrosine (black dye)	n.a.	1981
Pace Products Inc.	Dallas, TX	Fuji Koki Mfg. Co., Ltd. Virginia Chemicals Inc.	50 50	New	Expansion valves for automotive air conditioning systems	15	1982
Pacific Propeller, Inc.	Kent, WA	Minebea Co., Ltd.	100	Acquired	Aircraft propellers	60	1982
Pearl International Corp.	Nashville, TN	Pearl Musical Instrument Co.	100	New	Musical drums	45	1979
Peter Pan Seafoods Inc.	Dillingham, AK	Nichiro Gyogyo Kaisha, Ltd.	100	Acquired	Canned fish	90	1979
Peter Pan Seafoods Inc.	King Cove, AK	Nichiro Gyogyo Kaisha, Ltd.	100	Acquired	Canned/frozen fish	290	1979
Peter Pan Seafoods Inc.	Port Moller, AK	Nichiro Gyogyo Kaisha, Ltd.	100	Acquired	Frozen fish	120	1979

Company	Plant Location	Parent	Share	New or Acquired	Product Line	Employees	Year Plant Opened or Acquired
Pioneer Video, Inc.	Carson, CA	Pioneer Electronic Corp.	100	Acquired	Video discs	150	1982
•Pyr Coat Inc.	Houston, TX	Mitsui & Co., Ltd.	60	Acquired	Fireproof coatings, fireproof insulation/adhesives, asbestos encapsulation/removal products	5	1983
Rakuyo Ken U.S.A. Inc.	Honolulu, HI	Rakuyo Shokuhin Co., Ltd.	100	New	Shumai	8	1981
Ricoh Electronics, Inc.	Santa Ana, CA	Ricoh Co., Ltd.	100	New	Dry toner for copiers	50	1982
S & B International Corp.	Torrance, CA	S & B Shokuhin Co., Ltd.	100	New	Seasoning mixes	4	1975
•SDS Biotech Corp.	Princeton, NJ	Showa Denko K.K. Diamond Shamrock Corp.	50 50	Acquired	Animal health products	1,000	1983
•SDS Biotech Corp.	Greens Bayou, TX	Showa Denko K.K. Diamond Shamrock Corp.	50 50	Acquired	Agricultural chemicals		1983
SMK Manufacturing Inc.	Placentia, CA	Showa Musen Kogyo Co., Ltd.	100	Acquired	Connectors	100	1981
Sanoh Manufacturing Corp.	San Diego, CA	Sanoh Industrial Co., Ltd. Sanyo Electric Co., Ltd.	80 20	New	Refrigerator parts	27	1981
Shindo International, Inc.	New York, NY	Shindo Shashin Seikan K.K.	100	New	Color separation, offset printing	n.a.	1978
•Shinko Electric America Inc.	Manteca, CA	Shinko Electric Co., Ltd.	100	New	Lead frames for integrated circuits	34	1983
Sierracin Glass Transparencies Inc.	Sylmar, CA	Asahi Glass Co., Ltd. Sierracin Corp.	50 50	New	Glass transparencies for aircraft	50	1982
Sony Magnetic Products Inc. of America	Laredo, TX	Sony Corp.	100	New	Audio cassette tapes	48	1979
Southern Metal Service, Inc.	Gulfport, MS	Kanematsu-Gosho, Ltd.	100	New	Steel processing	35	1973
Stanley Electric U.S. Co., Inc.	London, OH	Stanley Electric Co., Ltd.	100	New	Automotive/motorcycle lighting equipment	50	1982
•Supergreen Inc.	Hazleton, PA	Kaiyo Bokujo Co., Ltd. Sekisui Plastics Co., Ltd. Itoman & Co., Ltd.	55 35 10	New	Packaged hydroponic radish sprouts	70	1983
TNS Mills, Inc.	Spartanburg, SC	Tsuzuki Spinning Co., Ltd.	100	New	Cotton-blend sheeting	100	1982
•TNS Mills, Inc.	Spartanburg, SC	Tsuzuki Spinning Co., Ltd.	100	New	Polyester-cotton blend yarn	70	1984
TYK Sumok Refractories Co.	Irvona, PA	Tokyo Yogyo Co., Ltd.	100	Acquired	Steel industry refractory products	30	1982
•Takasago Corp. USA	Teterboro, NJ	Takasago Perfumery Co., Ltd.	100	Acquired	Food flavoring compounds	35[a]	1984[a]
•Teenform Group	Miami, FL	Wacoal Corp.	100	Acquired	Women's intimate apparel	60	1983
•Teenform Group	Luquio, PR	Wacoal Corp.	100	Acquired	Women's intimate apparel	250	1983
Templock/APM Inc.	Carpinteria, CA	Nippon Automatic Fine Machinery Co., Ltd. Marubun Corp. Templock Corp.	39 10 51	New	Heat-shrinkable plastic material application machinery	n.a.	1981
Thin Film Technology Corp.	North Mankato, MN	Susumu Co., Ltd.	100	New	Thin-film resistive electronic components	50	1982
Togiak Fisheries, Inc.	Togiak, AK	Marubeni Corp.	Majority share	Acquired	Canned/frozen fish	140	1972
Tokai of America Inc.	Rancho Cucamonga, CA	Tokai Seiki Co., Ltd.	100	New	Disposable cigarette lighters	40	1982
Tomoegawa (U.S.A.) Inc.	Wheeling, IL	Tomoegawa Paper Co., Ltd.	100	New	Toner/developer/other consumable supplies for photocopying industry	50	1980
Totaku America Corp.	Compton, CA	Totaku Industries Inc.	100	New	Plastic/rubber flexible hose	50	1974

Company	Plant Location	Parent	Share	New or Acquired	Product Line	Employees	Year Plant Opened or Acquired
Toyojamco, Ltd.	York, PA	Japan Automatic Machine Co., Ltd. Oriental Terminal Products Co., Ltd.	50 50	New	Components for automatic crimping machinery	15	1983
*Tube Turns Inc.	Louisville, KY	Sumitomo Metal Industries, Ltd. Sumitomo Corp. Sumitomo Bank, Ltd.	49 49 2	Acquired	Welded steel fittings, forgings, engineered products	300	1983
UQM, Inc.	Santa Clara, CA	Tokyo Tan-Ichi Co., Ltd.	100	New	Metal stampings for integrated circuit lead frames	9	1976
U.S. Fuji Electric Inc.	Piscataway, NJ	Fuji Electric Co., Ltd.	100	New	Photo-sensitive drums for copiers	30	1983
US JVC Corp.	Elmwood Park, NJ	Victor Co. of Japan, Ltd.	100	New	Color television sets	45	1982
USR Optonix Inc.	Hackettstown, NJ	Mitsubishi Chemical Industries, Ltd.	100	Acquired	Fluorescent material for cathode ray tube displays	50	1981
Union Inc.	Costa Mesa, CA	Union Trading Co., Inc.	100	New	Instant noodles	120	1976
Universal Seafoods Ltd.	Dutch Harbor, AK	Nippon Suisan Kaisha, Ltd.	47	New	Frozen fish	100	1975
Universal Seafoods Ltd.	Redmond, WA	Nippon Suisan Kaisha, Ltd.	47	New	Frozen fish	200	1975
*Viam Manufacturing Inc.	Santa Fe Springs, CA	Japan Vilene Co., Ltd. Dainippon Ink & Chemicals Inc.	60 40	New	Automotive mats	50*	1984*
Wards Cove Packing Co., Inc.	Alitak, AK	Marubeni Corp.	Minority share	Acquired	Canned/frozen fish		1973
Wards Cove Packing Co., Inc.	Ekuk, AK	Marubeni Corp.	Minority share	Acquired	Canned/frozen fish		1973
Wards Cove Packing Co., Inc.	Excursion Inlet, AK	Marubeni Corp.	Minority share	Acquired	Canned/frozen fish		1973
Wards Cove Packing Co., Inc.	Icy Cape, AK	Marubeni Corp.	Minority share	Acquired	Canned/frozen fish	1,500	1973
Wards Cove Packing Co., Inc.	Kenai, AK	Marubeni Corp.	Minority share	Acquired	Canned/frozen fish		1973
Wards Cove Packing Co., Inc.	Ketchikan, AK	Marubeni Corp.	Minority share	Acquired	Canned fish		1973
Wards Cove Packing Co., Inc.	Naknek, AK	Marubeni Corp.	Minority share	Acquired	Canned/frozen fish		1973
Wards Cove Packing Co., Inc.	Port Bailey, AK	Marubeni Corp.	Minority share	Acquired	Canned/frozen fish		1973
*Warner-Ishi Corp.	Shelbyville, IL	Ishikawajima-Harima Heavy Industries Co., Ltd. Borg-Warner Corp.	50 50	New	Automotive turbochargers	100*	1984*
Western Alaska Fisheries, Inc.	Kodiak, AK	Taiyo Fishery Co., Ltd.	100	New	Canned/frozen fish	35	1963

Company	Plant Location	Parent	Share	New or Acquired	Product Line	Employees	Year Plant Opened or Acquired
Whitney-Fidalgo Seafoods, Inc.	Anchorage, AK	Kyokuyo Co., Ltd.	98	Acquired	Canned/frozen fish		1973
Whitney-Fidalgo Seafoods, Inc.	Dutch Harbor, AK	Kyokuyo Co., Ltd.	98	Acquired	Frozen fish		1973
Whitney-Fidalgo Seafoods, Inc.	Kodiak, AK	Kyokuyo Co., Ltd.	98	Acquired	Canned fish		1973
Whitney-Fidalgo Seafoods, Inc.	Naknek, AK	Kyokuyo Co., Ltd.	98	Acquired	Canned fish	1,000	1973
Whitney-Fidalgo Seafoods, Inc.	Petersburg, AK	Kyokuyo Co., Ltd.	98	Acquired	Canned fish		1973
Whitney-Fidalgo Seafoods, Inc.	Uyak, AK	Kyokuyo Co., Ltd.	98	Acquired	Canned fish		1973
Whitney-Fidalgo Seafoods, Inc.	Anacortes, WA	Kyokuyo Co., Ltd.	98	Acquired	Canned fish		1973

n.a. not available
* Projected
** The Hoosier Aluminum name may be used until August 29, 1985.
• Previously unlisted plants that went into operation during 1983 or were under construction on December 31, 1983, as well as acquisitions that were finalized in 1983.

Appendix 2: U.S. Manufacturing Affiliates of Japanese Companies by State

Alabama
Munsingwear, Inc. (2)

Alaska
Bering Sea Fisheries, Inc.
Dutch Harbor Seafoods Co., Inc.
Harbor Seafood Co., Inc.
Kodiak King Crab, Inc. (2)
Morpac, Inc.
North Pacific Processors Inc. (3)
Peter Pan Seafoods Inc. (3)
Togiak Fisheries, Inc.
Universal Seafoods Ltd.
Wards Cove Packing Co., Inc. (8)
Western Alaska Fisheries, Inc.
Whitney-Fidalgo Seafoods, Inc. (6)

Arizona
Alumax Inc., Alumax Fabricated Products, Inc.
Chickasha Cotton Oil Co.
•NKK Switches of America, Inc.

Arkansas
•Alumax Inc., Hoomet Aluminum
Alumax Inc., Kawneer Co., Inc.
Nutrius Inc.

California
Alloy Tool Steel Inc.
Alumax Inc., Alumax Fabricated Products, Inc. (2)
•Alumax Inc., Hoomet Aluminum (3)
•American Foods Corp. (4)
Amsneck, Inc.
CTY Corp.
Concise Casting Corp.
•Cryodynamics Co.-Ebara Group
Daiwa Golf Co.
Forman Industries Inc.
Hitachi Consumer Products of America Inc.
•Hi-Tek Corp.
•House Foods and Yamauchi Inc.
IDBC Systems & Controls Corp.
IKS American Corp.
International Leadframe Corp.
Kaga USA Inc.
•Kato Spring Inc.
•Kikusui International Corp.
Lafayette Metal Service Corp.
Master Fence Fittings Inc.
•Matheson Gas Products Inc. (2)
Matsushita Electronic Components Co.
Megatool Inc.
Memorex DIC Corp.
Mitsubishi Consumer Electronics America, Inc.
Mitutoyo Corp.
NBC Electronics U.S.A. Inc.
•Nidek Inc.
•Niitakaya USA Inc.
Nutrius Inc.
Orange Bakery Inc.
Pioneer Video, Inc.
Ricoh Electronics, Inc.
S & B International Corp.
SMK Manufacturing Inc.
Sanoh Manufacturing Corp.
•Shinko Electric America Inc.
Sierracin Glass Transparencies Inc.
Templock/APM Inc.
Tokai of America Inc.
Totaku America Corp.
UGM, Inc.
Union Inc.
•Viam Manufacturing Inc.

Colorado
•Alumax Inc., Kawneer Co., Inc.
•Data Ray Corp.

Connecticut
No additional listings

Delaware
No additional listings

Florida
•Alumax Inc., Hoomet Aluminum
•Fujitsu America, Inc.
Key Pharmaceuticals, Inc.
MCI Inc.
•Teenforn Group

Georgia
•Alumax Inc., Hoomet Aluminum (5)
High Voltage Breakers, Inc.
Kato Spring of Georgia Inc.
•Matheson Gas Products Inc.
•Oki America Inc.

Hawaii
Bunmeido of Hawaii Ltd.
Daiichiya Love's Bakery Inc.
Honma Golf, Inc.
Rakuyo Ken U.S.A. Inc.

Idaho
No additional listings

Illinois
eAlumax Inc., Howmet Aluminum
eMatheson Gas Products Inc.
eNorth American Lighting, Inc.
Tomoegawa (U.S.A.) Inc.
eWarner-Ishi Corp.

Indiana
eAlumax Inc., Howmet Aluminum
eDigital Audio Disc Corp.

Iowa
Farnischfeger Corp.
eNutrius Inc.

Kansas
eAlumax Inc., Howmet Aluminum

Kentucky
ATR Wire and Cable Co.
eAlumax Inc., Howmet Aluminum
Nutrius Inc.
eTube Turns Inc.

Louisiana
eMatheson Gas Products Inc.

Maine
No additional listings

Maryland
No additional listings

Massachusetts
eMatheson Gas Products Inc.
NBC Information Systems, Inc.

Michigan
eAlumax Inc., Howmet Aluminum (2)
Cast Forge Co.
eFBC Inc.
Nikko Wolverine Inc.
eNippondenso Sales, Inc.

Minnesota
Cathra International Corp.
Thin Film Technology Corp.

Mississippi
Munsingwear, Inc.
Southern Metal Service, Inc.

Missouri
eAlumax Inc., Howmet Aluminum (2)
Bio Kyowa Inc.
Fotomat Corp.
Kal-Am, Inc.

Montana
No additional listings

Nebraska
Diamond Plastics Corp.

Nevada
No additional listings

New Hampshire
Coca-Cola Bottling Co.

New Jersey
MCI Optinix Inc.
eMatheson Gas Products Inc.
Orient Shimazaki Chemical Corp.
eSDS Biotech Corp.
eTakasago Corp. USA
U.S. Fuji Electric Inc.
US JVC Corp.
USR Optinix Inc.

New Mexico
No additional listings

New York
Economic Salon, Ltd.
IMC Magnetics Corp.
Shindo International, Inc.

North Carolina
Alumax Inc., Alumax Extrusions, Inc.
eAlumax Inc., Howmet Aluminum
Fuji Cone Inc.
eFuji Foods Inc.
eHonda Power Equipment Manufacturing Inc.
eKibun Corp. of North Carolina
Munsingwear, Inc. (2)

North Dakota
No additional listings

Ohio
ALCOA-NBC Communications Corp.
eAlumax Inc., Howmet Aluminum
Alumax Inc., Kawneer Co., Inc.
Bellemar Parts Industries Inc.
Fotomat Corp.
Fujitec Industries, Inc.
LeBlond Makino Machine Tool Co.
eMatheson Gas Products Inc.
Stanley Electric U.S. Co., Inc.

Oklahoma
Chickasha Cotton Oil Co.
Munsingwear, Inc.
North American Brine Resources

Oregon
Emmy Inc.

Pennsylvania
•Alumax Inc., Howmet Aluminum (6)
•Supergreen Inc.
Tia Swank Refractories Co.
Toyojamco Ltd.

Rhode Island
Machine Specialties Co.

South Carolina
Harnischfeger Corp.
•TNS Mills, Inc. (2)

South Dakota
No additional listings

Tennessee
Bridgestone Tire Manufacturing (U.S.A.), Inc.
•Calsonic Manufacturing Corp.
Pearl International Corp.

Texas
Alloy Tool Steel of Texas Inc.
•Alumax Inc., Howmet Aluminum (10)
Alumax Inc., Kawneer Co., Inc.
Chickasha Cotton Oil Co. (2)
Diamond Plastics Corp.
First Metals, Inc.
•Fujitsu America, Inc.
Halco Fence & Wire Co.
•Kaneka Texas Corp.
•Matheson Gas Products Inc.
Munsingwear, Inc. (2)
Pace Products Inc.
•Pyr Coat Inc.
•SDS Biotech Corp.
Sony Magnetic Products Inc. of America

Utah
No additional listings

Vermont
No additional listings

Virginia
Amano-International Enzyme Co., Inc.

Washington
Alpha Biochemical Corp.
•Alumax Inc., Howmet Aluminum
•Eibun Corp. of Washington
International Titanium Inc.
Nichimo Northwest, Inc.
Nintendo of America, Inc.
Olympic Wood Products Inc.
Pacific Propeller, Inc.
Universal Seafoods Ltd.
Whitney-Fidalgo Seafoods, Inc.

West Virginia
No additional listings

Wisconsin
Harnischfeger Corp. (2)
Munsingwear, Inc.

Wyoming
No additional listings

Puerto Rico
Caribe Isoprene Corp.
Caribe Tuna Inc.
Matsushita Electric of Puerto Rico, Inc.
Neptune Packing Corp.
•Teenform Group

•Previously unlisted plants that went into operation during 1983 or were under construction on December 31, 1983, as well as acquisitions that were finalized in 1983.

Note: A number in parentheses indicates that the relevant company has plants in more than one location in the state.

Appendix 3: U.S. Manufacturing Affiliates of Japanese Companies by Product Line

Food Products		
2013	Shumai	Rakuyo Ken U.S.A. Inc.
2034	Instant noodles	Union Inc.
2035	Cooking wines	American Foods Corp. (2)
	Sauces	American Foods Corp.
	Pickles	eNiitakaya USA Inc.
2037	Frozen potato products	Emmy Inc.
2051	Bakery products	Bunmeido of Hawaii Ltd.
	Bakery products	Daiichiya Love's Bakery Inc.
	Bakery products	Orange Bakery Inc.
2052	Rice crackers	Amsnack, Inc.
2074	Cottonseed oil	Chickasha Cotton Oil Co. (4)
2077	Binder for fish feed	Alpha Biochemical Corp.
2086	Soft drinks	Coca-Cola Bottling Co.
2091	Canned fish	Caribe Tuna Inc.
	Canned fish	Harbor Seafood Co., Inc.
	Canned fish	Kodiak King Crab, Inc.
	Canned fish	Morpac, Inc.
	Canned fish	Neptune Packing Corp.
	Canned fish	North Pacific Processors Inc. (3)
	Canned fish	Peter Pan Seafoods Inc. (2)
	Canned fish	Togiak Fisheries, Inc.
	Canned fish	Wards Cove Packing Co., Inc. (8)
	Canned fish	Western Alaska Fisheries, Inc.
	Canned fish	Whitney-Fidalgo Seafoods, Inc: (6)
2092	Frozen fish	Bering Sea Fisheries, Inc.
	Frozen fish	Dutch Harbor Seafoods Co., Inc.
	Frozen fish	Harbor Seafood Co., Inc.
	Frozen fish	Kodiak King Crab, Inc. (2)
	Frozen fish	North Pacific Processors Inc. (3)
	Frozen fish	Peter Pan Seafoods Inc. (2)
	Frozen fish	Togiak Fisheries, Inc.
	Frozen fish	Universal Seafoods Ltd. (2)
	Frozen fish	Wards Cove Packing Co., Inc. (7)
	Frozen fish	Western Alaska Fisheries, Inc.
	Frozen fish	Whitney-Fidalgo Seafoods, Inc. (2)
	Frozen seafood	eKibun Corp. of North Carolina
	Frozen seafood	eKibun Corp. of Washington
2099	Beef/chicken extracts for soup stocks	eFuji Foods Inc.
	Tofu/related soybean products	eHouse Foods and Yamauchi Inc.
	Packaged hydroponic radish sprouts	eSupergreen Inc.
	Seasoning mixes	S & B International Corp.
	Vinegar	eAmerican Foods Corp. (4)
Tobacco Manufactures		
No additional listings		
Textile Mill Products		
2211	Cotton fabrics	Munsingwear, Inc.
	Cotton-blend sheeting	TNS Mills, Inc.
2221	Synthetic fabrics	Munsingwear, Inc.
2271	Automotive mats	eVlam Manufacturing Inc.
2281	Polyester-cotton blend yarn	eTNS Mills, Inc.
Apparel and Made-up Textile Products		
232	Men's/boys' shirts, underwear, nightwear	Munsingwear, Inc. (3)
234	Women's intimate apparel	Munsingwear, Inc. (4)
	Women's intimate apparel	eTeenform Group (2)
2399	Gill nets	Nichimo Northwest, Inc.
Lumber and Wood Products		
2421	Lumber	Olympic Wood Products Inc.
Furniture and Fixtures		
2517	Speaker boxes	Matsushita Electric of Puerto Rico, Inc.
2599	Kiosks	Fotomat Corp.
Paper and Paper Products		
No additional listings		
Printing and Publishing		
2721	Periodicals publishing	Economic Salon, Ltd.
2752	Color separation, offset printing	Shindo International, Inc.
Chemicals and Related Products		
2813	Specialty gases	eMatheson Gas Products Inc. (9)
2819	Fluorescent material for cathode ray tube displays	USR Optinix Inc.
	Iodine	North American Brine Resources
2821	Methyl methacrylate-butadiene-styrene resins	eKaneka Texas Corp.
2822	Isoprene monomer, dicyclo-pentadiene, piperylene	Caribe Isoprene Corp.
2834	Ethical pharmaceuticals	Key Pharmaceuticals, Inc.
	Animal health products	eSDS Biotech Corp.
2865	Nigrosine (black ink)	Orient Shimazaki Chemical Corp.
2869	Enzymes	Amano-International Enzyme Co., Inc.
	Food flavoring compounds	eTakasago Corp. USA
	Feed additives	eNutrius Inc. (4)
	Lysine (feedstuff amino acid additive)	Bio Kyowa Inc.
2879	Agricultural chemicals	eSDS Biotech Corp.
2899	Fireproof coatings, fireproof spray insulation/adhesives, asbestos encapsulation/removal products	ePyr Coat Inc.
Petroleum Refining		
No additional listings		

Rubber and Miscellaneous Plastic Products

3011	Radial truck tires	Bridgestone Tire Manufacturing (U.S.A.), Inc.
3041	Plastic/rubber flexible hose	Totaku America Corp.
3079	Polyvinyl chloride pipes	Diamond Plastics Corp. (2)

Leather and Leather Products

No additional listings

Stone, Clay, Glass and Concrete Products

3231	Glass transparencies for aircraft	Sierracin Glass Transparencies Inc.
3297	Steel industry refractory products	TYK Swank Refractories Co.

Primary Metals

3339	Titanium sponge	International Titanium Inc.
3341	Secondary aluminum slab/billet	•Alumax Inc., Howmet Aluminum
	Recycled aluminum scrap	•Alumax Inc., Howmet Aluminum (3)
3353	Aluminum sheet/coil	•Alumax Inc., Howmet Aluminum (2)
3354	Aluminum extruded shapes	Alumax Inc., Alumax Extrusions, Inc.
	Aluminum extruded shapes	•Alumax Inc., Howmet Aluminum
3356	Titanium/zirconium tubes/pipe	Nikko Wolverine Inc.
3361	Aluminum castings	Concise Casting Corp.

Fabricated Metal Products

344	Steel processing	Alloy Tool Steel Inc.
	Steel processing	Alloy Tool Steel of Texas Inc:
	Steel processing	First Metals, Inc.
	Steel processing	Lafayette Metal Service Corp.
	Steel processing	Southern Metal Service, Inc.
	Aluminum/copper/steel processing	•Alumax Inc., Howmet Aluminum (6)
3442	Aluminum bath enclosures	•Alumax Inc., Howmet Aluminum (3)
	Aluminum garage doors	•Alumax Inc., Howmet Aluminum
	Aluminum products for commercial remodeling	•Alumax Inc., Howmet Aluminum
3444	Aluminum products for housing aftermarket	Alumax Inc., Alumax Fabricated Products, Inc. (3)
	Aluminum products for housing aftermarket	•Alumax Inc., Howmet Aluminum (7)
	Aluminum products for mobile homes/recreational vehicles	•Alumax Inc., Howmet Aluminum (7)
	Aluminum rain-carrying components/other building products	•Alumax Inc., Howmet Aluminum (5)
	Aluminum spectator seating, scaffolding, ceiling grid systems, custom fabricated work	•Alumax Inc., Howmet Aluminum
	Sheet-metal ducts	Forman Industries, Inc.
3446	Architectural aluminum products	•Alumax Inc., Kawneer Co., Inc. (3)
3462	Steel forgings	•Tube Turns Inc.
3463	Aluminum wheels/other die-cast aluminum automotive products	Cast Forge Co.
3469	Lead frames for integrated circuits	International Leadframe Corp.
	Lead frames for integrated circuits	•Shinko Electric America Inc.
	Lead frames/other metal parts for integrated circuits	Kaga USA Inc.
	Metal stampings for integrated circuit lead frames	UGM, Inc.
3494	Welded steel fittings, engineered products	•Tube Turns Inc.
	Expansion valves for automotive air conditioning systems	Pace Products Inc.
3495	Precision springs	•Kato Spring Inc.
	Precision springs	Kato Spring of Georgia Inc.
3496	Chain link	Halco Fence & Wire Co.
	Fittings for metal fencing	Master Fence Fittings Inc.
	Steel cord/bead wire for tires	ATR Wire and Cable Co.

Nonelectric Machinery

3524	Lawnmowers	•Honda Power Equipment Manufacturing Inc.
3531	Draglines	Harnischfeger Corp.
3532	Mining shovels, hydraulic excavators	Harnischfeger Corp.
3534	Elevators, escalators	Fujitec Industries, Inc.
3536	Hoists	Harnischfeger Corp.
	Hydraulic truck/rough-terrain cranes	Harnischfeger Corp.
	Lattice-boom truck/crawler cranes	Harnischfeger Corp.
	Monorail systems	Harnischfeger Corp.
	Overhead traveling cranes	Harnischfeger Corp. (2)
3537	Material-handling systems	Harnischfeger Corp.
3541	Numerically controlled lathes, machining centers	LeBlond Makino Machine Tool Co.
	Numerical controls	LeBlond Makino Machine Tool Co.
3546	Carbide drills	Megatool Inc.
3559	Components for automatic crimping machinery	Toyojamco Ltd.
3561	Pumps for low-temperature liquids	•Cryodynamics Co.-Ebara Group
3562	Ball bearings	IKS American Corp.
3564	Fans/blowers for communications/ computer equipment	IMC Magnetics Corp.
3568	Pulleys	Machine Specialties Co.
3569	Specialty gas handling equipment	•Matheson Gas Products Inc. (9)
	Electronic fastening systems	•FEC Inc.
	Heat-shrinkable plastic material application machinery	Templock/APM Inc.
3573	Computers/peripheral equipment	NEC Information Systems, Inc.
	Computer keyboards	•Hi-Tek Corp.
	CRT display modules	•Data Ray Corp.

Electric Machinery and Electronics		
3613	Circuit breakers for power plants/transmission lines	High Voltage Breakers, Inc.
3621	Electric motors	IMC Magnetics Corp.
	Motors for phonographs/audio equipment	Matsushita Electric of Puerto Rico, Inc.
3632	Refrigerator parts	Sanoh Manufacturing Corp.
3643	Electric/electronic switches	•NKK Switches of America, Inc.
3647	Automotive lighting equipment	•North American Lighting, Inc.
	Automotive/motorcycle lighting equipment	Stanley Electric U.S. Co., Inc.
3651	Color television sets	US JVC Corp.
	Projection color television sets	Hitachi Consumer Products of America Inc.
	Projection color television sets	Mitsubishi Consumer Electronics America, Inc.
	Recording studio equipment	MCI Inc.
	Stereo speakers, record changers	Matsushita Electric of Puerto Rico, Inc.
	Paper cones for stereo speakers	Fuji Cone Inc.
3652	Digital audio discs	•Digital Audio Disc Corp.
	Video discs	Pioneer Video, Inc.
3661	Electronic private branch exchanges	•Oki America Inc.
3662	Fiber-optic communications equipment, multiplexers, microwave radios	•Fujitsu America, Inc.
	Cellular mobile telecommunications equipment	•Oki America Inc.
	Satellite television receiving systems	ALCOA-NEC Communications Corp.
	Video game machines	Nintendo of America, Inc.
3674	Integrated circuits	Matsushita Electronic Components Co.
	Integrated circuits	NEC Electronics U.S.A. Inc.
3675	Axial capacitors	CTY Corp.
3676	Thin-film resistive electronic components	Thin Film Technology Corp.
3678	Connectors	Kel-Am, Inc.
	Connectors	SMK Manufacturing Inc.
3679	Audio cassette tapes	Sony Magnetic Products Inc. of America
	Cable assemblies, power supply units/related components for computers/peripheral equipment	•Fujitsu America, Inc.
	Relays, sockets, switches/other electrical industrial components	IDEC Systems & Controls Corp.
3693	X-ray intensifying screens for medical use	MCI Optinix Inc.

Transportation Equipment		
3714	Automotive air conditioners	•Calsonic Manufacturing Corp.
	Automotive seat assemblies, exhaust silencer systems	Bellemar Parts Industries Inc.
	Automotive turbochargers	•Warner-Ishi Corp.
	Automotive windshield washers/heaters	•Nippondenso Sales, Inc.
3728	Aircraft propellers	Pacific Propeller, Inc.
Precision, Medical and Photographic Equipment		
3825	Oscilloscopes	•Kikusui International Corp.
3829	Calipers, micrometers	Mitutoyo Corp.
3841	Medical diagnostic equipment	Cathra International Corp.
	Auto-refractometers, photocoagulators/other ophthalmologic instruments	•Nidek Inc.
3861	Photographic chemicals	Fotomat Corp.
	Photo-sensitive drums for copiers	U.S. Fuji Electric Inc.
	Toner/developer for copiers, duplicators/printers	Memorex DIC Corp.
	Dry toner for copiers	Ricoh Electronics, Inc.
	Toner/developer/other consumable supplies for photocopying industry	Tomoegawa (U.S.A.) Inc.
Miscellaneous Manufactures		
3931	Musical drums	Pearl International Corp.
3949	Golf clubs	Daiwa Golf Co.
	Golf clubs	Honma Golf, Inc.
3999	Disposable cigarette lighters	Tokai of America Inc.

•Previously unlisted plants that went into operation during 1983 or were under construction on December 31, 1983, as well as acquisitions that were finalized in 1983.

Note: Product lines are grouped in terms of the Standard Industrial Classification. A number in parentheses indicates that the relevant company produces its product line in more than one location.

Appendix 4: Changes in Previously Listed U.S. Manufacturing Affiliates of Japanese Companies

1. Companies Closed or Sold

Company	Plant Location	Parent	Product Line
Ceradyne Inc.	Santa Ana, CA	Kyocera Corp.	Heat-resistant ceramics
Denka Chemical Corp.	Houston, TX	Denki Kagaku Kogyo K.K.	Chloroprene, maleic anhydride
Feltloc, Inc.	East Greenwich, RI	Dynic Corp.	Nonwoven cotton fabrics
Infinity Systems, Inc.	Canoga Park, CA	Kyocera Corp.	Stereo speakers
KLH Research & Development Corp.	Canoga Park, CA	Kyocera Corp.	Stereo speakers
Kodiak Lumber Mills, Inc.	Anchorage, AK	Mitsui & Co., Ltd.	Logs, wood chips
Marcrest Pacific Co., Inc.	Carson, CA	Marubeni Corp. Crest Steel Corp.	Welded steel beams
Mount Pleasant Chemical Co.	Mt. Pleasant, TN	Sumitomo Chemical Co., Ltd. Sumitomo Corp. Stauffer Chemical Co.	Insecticides
National Plywood, Inc.	Long Beach, CA	Mitsui & Co., Ltd.	Plywood
Oki Electronics of America, Inc.	Oakland Park, FL	Oki Electric Industry Co., Ltd.	Electronic private branch exchanges (output transferred to Norcross, GA)
Optical Information Systems Inc.	Elmsford, NY	Mitsubishi Chemical Industries, Ltd.	Semiconductor laser devices/ subsystems
Rosewood Knitting Mills, Inc.	Martinez, GA	Toyobo Co., Ltd.	Synthetic-fiber grey goods knitting
SMK Donnette Inc.	Chatsworth, CA	Showa Musen Kogyo Co., Ltd.	Connectors
Sekisui Products, Inc.	Linden, NJ	Sekisui Chemical Co., Ltd.	Polyethylene foam pipe insulation
Topri Inc.	Peachtree City, GA	Tokyo Print Industry Co., Ltd.	Printed circuit boards
VHD Disc Manufacturing Co.	Irvine, CA	Victor Co. of Japan, Ltd. Matsushita Electric Industrial Co., Ltd. General Electric Co. Thorn EMI Ltd.	Video discs
West Virginia Flat Glass Inc.	Clarksburg, WV	Asahi Glass Co., Ltd.	Flat glass,

2. Merged Companies

Old Company	New Company
Elcon Inc. Viclan Inc.	Kyocera International, Inc.
Erie Technological Products Inc. JFD Electronic Components Inc. Murata Corp. of America	Murata Erie North America, Inc.

3. Permanently Closed or Sold Plants

Company	Plant Location	Parent	Product Line
Alumax Inc., Alumax Fabricated Products, Inc.	Twin Falls, ID	Mitsui & Co., Ltd. Nippon Steel Corp. AMAX Inc.	Aluminum irrigation tubing
Alumax Inc., Apex International Alloys, Inc.	Checotah, OK	Mitsui & Co., Ltd. Nippon Steel Corp. AMAX Inc.	Secondary aluminum/zinc alloys
Alumax Inc., Hillyard Aluminum Recovery Corp.	Fontana, CA	Mitsui & Co., Ltd. Nippon Steel Corp. AMAX Inc.	Dross recovery

Alumax Inc., Kawneer Co., Inc., South Bend Screw Products	South Bend, IN	Mitsui & Co., Ltd. Nippon Steel Corp. AMAX Inc.	Aluminum fasteners
Erie Technological Products Inc.	Erie, PA	Murata Mfg. Co., Ltd.	Ceramic capacitors
Fujitsu America, Inc.	Melbourne, FL	Fujitsu, Ltd.	Word processing terminals
Harnischfeger Corp.	Escanaba, MI	Kobe Steel, Ltd.	Lattice-boom truck/crawler cranes
Munsingwear, Inc.	Ironwood, MI	Toyobo Co., Ltd. Descente Ltd. C. Itoh & Co., Ltd.	Men's/boys' shirts, underwear, nightwear
Munsingwear, Inc.	Little Falls, MN	Toyobo Co., Ltd. Descente Ltd. C. Itoh & Co., Ltd.	Men's/boys' shirts, underwear, nightwear
Munsingwear, Inc.	Montgomery, MN	Toyobo Co., Ltd. Descente Ltd. C. Itoh & Co., Ltd.	Men's/boys' shirts, underwear, nightwear
Murata Corp. of America	Douglasville, GA	Murata Mfg. Co., Ltd.	Ceramic capacitors
NGK Spark Plug Mfg. (U.S.A.), Inc.	Van Nuys, CA	NGK Spark Plug Co., Ltd.	Spark plugs
Whitney-Fidalgo Seafoods, Inc.	Port Graham, AK	Kyokuyo Co., Ltd.	Canned fish
Whitney-Fidalgo Seafoods, Inc.	Seattle, WA	Kyokuyo Co., Ltd.	Frozen fish

4. Plant Location Changes

Company	Previous Plant Location	New Plant Location	Product Line
ARI Industries Inc.	Franklin Park, IL	Addison, IL	Temperature sensors/electric heating elements
Alumax Inc., Kawneer Co., Inc.	Rosemont, IL	Itasca, IL	Architectural aluminum products
IMC Magnetics Corp.	Maywood, CA	Cerritos, CA	Electric motors

5. Minority Shareholdings Sold

Company	Plant Location	Japanese Investor	Product Line
Olga Co.	Van Nuys, CA	Wacoal Corp.	Women's intimate apparel
Olga Co.	Fillmore, CA	Wacoal Corp.	Women's intimate apparel
Olga Co.	Oxnard, CA	Wacoal Corp.	Women's intimate apparel
Olga Co.	Santa Paula, CA	Wacoal Corp.	Women's intimate apparel

6. Ownership Changes

Company	Plant Location	Parent	Previous Share	New Share
Alumax Inc., Eastalco Aluminum Co.	Frederick, MD	Alumax Inc.	50%	100%
Alumax Inc., Intalco Aluminum Co.	Ferndale, WA	Alumax Inc.	50	100
Coca-Cola Bottling Co.	Middletown, CT	Kirin Brewery Co., Ltd.	50	100
Coca-Cola Bottling Co.	Lowell, MA	Kirin Brewery Co., Ltd.	50	100
Coca-Cola Bottling Co.	Laconia, NH	Kirin Brewery Co., Ltd.	50	100
IMC Magnetics Corp.	Tempe, AZ	Minebea Co., Ltd.	57	100
IMC Magnetics Corp.	Cerritos, CA	Minebea Co., Ltd.	57	100
IMC Magnetics Corp.	Rochester, NH	Minebea Co., Ltd.	57	100
IMC Magnetics Corp.	Westbury, NY	Minebea Co., Ltd.	57	100
IMC Magnetics Corp.	Mexia, TX	Minebea Co., Ltd.	57	100
Mumano Sake Co.	Berkeley, CA	Takara Shuzo Co., Ltd.	20	90
Somitex Prints of California, Inc.	City of Industry, CA	Soko Seiren Co., Ltd.	30	100

7. Company Name Changes

Previous Company Name	New Company Name	Plant Location	Product Line
Electronic Arrays Inc.	NEC Electronics U.S.A., Inc.	Mountain View, CA	Integrated circuits
Mumano Sake Co.	Takara Sake USA Inc.	Berkeley, CA	Sake/mirin
Yamazaki Machinery Corp.	Mazak Corp.	Florence, KY	Numerically controlled lathes

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JAPAN · ECONOMIC · INSTITUTE

JEI REPORT

NO. 16B
April 20, 1984

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JSP Chairman Visits Washington

Masashi Ishibashi, chairman of the Japan Socialist Party, arrived in Washington April 7 at the outset of an eleven-day visit to the United States, the first by a leader of the party since 1979. Mr. Ishibashi met Vice President George Bush, Secretary of State George Shultz, Defense Secretary Caspar Weinberger and members of Congress during his stay. Although he was candid about the philosophical differences between his party and government leaders in the United States, he indicated that he hoped his visit would be the

Maritime Commission (FMC) in the past, but began to run into trouble last year. The Japanese firms applied for a five-year extension of the pooling system, but American firms opposed the move. Mitsui O.S.K. Lines further complicated the situation by announcing its intention to withdraw from the pool in any case, calling it inefficient. In August, the FMC granted a two-month extension to the Japanese firms but imposed strict capacity expansion constraints on the six applicants. Faced with this decision, the Japanese firms, encouraged by the Ministry of Transportation, decided to split up into three groups of two firms each, injecting more competition and less cooperation into the structure of the Japanese industry.

It would be a mistake to think that the Japanese are the only ones who engage in cartel activities in ocean shipping, since the whole liner trade operates under "conferences," which are international cartels. They do not go so far as to include pooling and space chartering, but do coordinate rates and routes. The United States allows such cartels, though the restrictions on their operation have always been somewhat more stringent than in other countries. Now that system may be changing, and the Japanese feel that this will also alter the nature of competition. A new U.S. martime law will come into effect in June 1984 which further restricts conference activities by allowing for mandatory independent action, time-volume rate discounts, and service contracts. The Japanese industry feels that the new law will benefit American shipping companies, but they have little choice but to adapt to the more competitive environment.

To discuss these and other bilateral maritime issues, government transportation officials of the two governments held talks at the beginning of April. Among the issues aired at the meeting were Japanese complaints over mandatory American bottoms for all military equipment, goods procured by governments, and goods eligible for U.S. Export-Import Bank loans. This rule, for example, means that the tobacco bought by the Japan Tobacco and Salt Public Corp. (the government cigarette monopoly) must move on American vessels. The United States, on the other hand, complained of Japanese road transportation laws that restrict the movement of large marine containers over Japanese roads.

Maritime issues rarely attract much interest outside of the industry and the trade press. That low key approach still prevails, but in the highly charged atmoshpere of election-year politics, there is no guarantee that these issues will remain submerged.

Edward Lincoln

Japan's Annual Wage Negotiations Under Way

As the saying goes, "in spring, a young man's fancy turns to love," as far as Japanese business and labor unions are concerned, however, their spring fancy turns to labor contract negotiations. Since 1955, Japan's public and private labor unions have pooled their resources and pursued annual collective bargaining with industry from April to May. Typically, the process begins in November or December of the previous year with the national labor unions -- Sohyo (General Council of Labor Unions), Domei (Confederation of Labor), Shin Sanbetsu (Congress of Industrial Unions) and Churitsu-Roren (Federation of Independent Unions) -- working out a unified position on a target figure for wage increases. Industry also stakes out its position a month or two later,

when Keidanren (Federation of Economic Organizations) and Nikkeiren (Japan Federation of Employers' Associations) issue their annual reports on labor and business conditions which justify their wage offers. In April, the steel industry negotiations take place and generally set the tenor for the following wage contracts. The employees of the Japan National Railways and the private railways often hold simultaneous strikes or work slowdowns, and the other unions often hold demonstrations to gain support.

The 1984 spring wage offensive, or shunto, has been characterized by labor union retrenchment despite the strengthening economic recovery in Japan and unanimously favorable economic forecasts. The national unions are calling for an average 6 percent increase this year, down from 1983's starting level of 7 percent (see accompanying table). It is clear that the 6 percent national union guideline is not universally adhered to by the member unions, whose wage hike demands range from 5.3 to 10.7 percent. While individual labor unions tend to be more militant, the national unions may have reduced this year's wage request in part to avoid the embarrassment they suffered last year when their high demands yielded record low settlements, and in part to reflect the delicate recovery.

Industry offers, also examined in the accompanying table, are even harsher than last year. The steel industry is proposing another record low annual wage increase of just $30.67 -- or 3.11 percent, claiming that demand for steel is still very soft both at home and abroad. Automotive manufacturers Toyota and Nissan are also offering less than they did last year, arguing that voluntary export restraints have prevented them from improving their 1983 performance enough to justify higher offers. Honda is the exception, and its profitable U.S. plants may have been a factor in setting their offer a bit higher than last year. The electric machinery sector, which includes such high-technology giants as Mitsubishi Electric, NEC and Matsushita Electric, also raised their offers from last year's record low 4.9 percent, reflecting their rapid recovery and positive outlook. Shipbuilders' offers are mixed as the industry remains slowed by excess capacity and stiff foreign competition.

The steel industry proposal met with a sour, but silent union response. Although the offer is even smaller than last year's, the unions accepted it after some hemming and hawing. There was a movement among the national unions to get other member unions, notably the railway and communications workers, to hold negotiations before the steel industry's in order to reduce the influence of the steel settlement -- which was expected to be very low. But the proposal came to nothing and this year's offensive appears to be a rather mild one -- some major protests are planned by the large public employees' unions, but private unions are keeping their heads down and emphasizing job security over wage increases. The outlook is thus for an average wage increase of something very close to last year's 5.25 percent figure -- probably around 5.3 percent.

The economic impact of this year's low settlements will, like last year, effectively restrain consumer spending. With unemployment high, though leveling off, and wage increases held down, Japanese consumers are not likely to be in a spending mood this year. While domestic demand has been improving, it is mostly due to a rise in business investment, while consumer demand has proved to be erratic. The lack of demand may increase pressure on the government to cut taxes or increase spending, both of which run counter to the Ministry of Finance's austerity drive.

Jon Choy

1984 Labor Union Demands
(annual wage increase in dollars and percentage increase)

Sector	1984 Demands		1983 Settlements	
Steel workers	$52.00	5.3%	$29.57	3.1%
Private Railway Workers	80.43	8.9	44.78	5.0
Metal Workers (Zenkoku Kinzoku)	80.43	9.2	43.46	4.8
(Zenkin Domei)	53.33	6.0	36.64	4.5
Chemical Workers	80.00	8.0	41.61	4.8
Transportation Workers	71.11	7.3	37.83	4.1
Textile Workers	55.69	6.1	36.90	4.2
Shipbuilders	52.00	5.4	29.57	3.3
Power Industry Workers	56.00	6.0	41.74	4.2
Seaman's Union	52.89	6.7	29.35	3.8
Electric Machinery Workers	55.61	6.7	39.34	4.9
Automobile Workers	52.89	6.0	38.93	4.8
Public Railway Workers	100.89	10.7	36.33	4.0
Public Communications Employees	97.78	10.7	38.01	4.3

1984 Industry Offers
(annual wage increases in dollars and percentage increase)

Sector	1984 Offers		1983 Settlements	
Steel (5 major companies)	$30.67	3.11%	$29.57	3.14%
Automobile Companies				
Toyota Motor Co., Ltd.	45.78	5.07	43.04	5.08
Nissan Motor Co., Ltd.	44.89	4.93	42.17	4.96
Honda Motor Co., Ltd.	44.44	5.43	41.74	5.39
Electric Machinery				
Hitachi Ltd.	42.71	5.00	39.79	4.90
Toshiba Corp.	43.88	5.00	40.84	4.90
Mitsubishi Electric Corp.	42.75	5.00	39.80	4.90
Sanyo Electric Co., Ltd.	40.41	5.00	37.70	4.90
Sharp Corp.	39.04	5.00	36.77	4.90
Nippon Electric Co., Ltd.	41.16	5.00	38.48	4.90
Oki Electric Industry Co. Ltd.,	41.56	5.00	38.77	4.90
Fujitsu Ltd.	41.27	5.00	38.63	4.90
Fuji Electric Co., Ltd.	43.22	5.00	39.84	4.90
Yasukawa Electric Mfg. Co., Ltd.	45.00	5.00	41.73	4.90
Meidensha Electric Mfg. Co., Ltd.	43.41	5.00	39.82	4.90
Shipbuilding				
Mitsubishi Heavy Industries, Ltd.	31.11	3.14	29.57	3.14
Ishikawajima-Harima Heavy Industries Co., Ltd.	31.11	3.18	29.57	3.20
Kawasaki Heavy Industries, Ltd.	31.11	3.20	29.57	3.22
Hitachi Shipbuilding & Engineering Co., Ltd.	31.11	3.37	29.57	3.40
Mitsui Engineering & Shipbuilding Co., Ltd.	31.11	3.28	29.57	3.29
Sumitomo Heavy Industries, Ltd.	31.11	3.28	29.57	3.27

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JEI REPORT

NO. 17A April 27, 1984

THE MINISTRY OF FINANCE: AN UNWELCOME EXPOSURE TO INTERNATIONAL ISSUES

Summary

As the focus on U.S.-Japan trade issues shifts to the liberalization of Japan's financial markets, the Ministry of Finance (MOF) -- once familiar to Americans only as the administrator of Japan's monetary and fiscal policies -- is moving into the foreground of bilateral affairs. While the public views the Finance Ministry, an agency with the best and the brightest of Japan's civil servants, as expert in guiding the country's financial affairs, other aspects of its role are less well-known. This report will analyze the MOF's function as overseer of both public and private business interests, and will examine the bureaucratic structure that underlies its administrative responsibilities.

Introduction

On March 19, key members of the cabinet and the Liberal Democratic Party (LDP) earmarked a number of bilateral trade issues to be resolved prior to the industrial nation summit to be held in London in June. These included important concessions in Japan's financial and capital markets, software legislation, and trade in a range of items of interest to the United States, including wine, bourbon, agricultural products, steam coal, paper products and plywood. At the moment, the negotiating agenda is dominated by the question of the liberalization of Japan's financial markets.

Because of the upcoming U.S. presidential elections, the Japanese government has urged that the package of concessions be authorized by the cabinet in order to serve as a "welcome mat" to Vice President Bush, who is scheduled to visit Japan on May 8th. It is now expected that the recommendations of the Ad Hoc Working Committee of the Japan-U.S. Yen/Dollar Commission will not be available before the end of May, however. If progress on capital market liberalization is visible at that time, Prime Minister Nakasone will feel free to discuss international issues at the summit meeting without the intrusion of foreign trade pressures. But one MOF official in charge of international monetary affairs told JEI that he was uncertain that the difficulties involved in meeting U.S. requests for relaxation of banking and securities regulations could be surmounted in so short a time. Many of Washington's demands, he contended, are potentially damaging to Japan's domestic financial market. Prospects for the resolution of this issue center on the MOF as a key participant in the U.S.-Japan trade game.

The MOF rationale for restricting competition in financial transactions is that it is acting in the public interest. In fact, though, MOF's public image, which it presents in negotiations on the budget, taxes and monetary policy, masks its interest in protecting the private-sector interests of the banking, securities and tobacco industries. To understand the complex MOF structure, a comparison with the U.S. government is useful. MOF's functions include responsibilities that in the United States are handled by the Treasury and Commerce Departments, the Office of Management and Budget, the Federal Reserve Board and the Securities and Exchange Commission (see Table 1). Although MOF's counterpart is thought to be Treasury, the budget arm of MOF which allocates government funds does not exist in Treasury. Every Japanese government agency, including those responsible for foreign affairs and police services, is subject to MOF's budget ax. This gives Finance officials power over programs in the domain of every government department.

Some of the functions of the Federal Reserve Board belong to the banking section, even though the Bank of Japan (BOJ) is nominally responsible. Decisions concerning important monetary policies, like the discount rate, are heavily influenced by this section, in spite of the central bank's official independence. Because of this, the BOJ is somewhat derisively referred to as a branch of the MOF's Banking Bureau. While these sections concentrate on domestic monetary policy, the International Finance Bureau handles international monetary management, including foreign exchange rates and balance-of-payments problems.

MOF's Wide Reach

MOF's actual territory is not limited to areas where it has direct responsibilities. Its influence also extends to a broad range of national and local government activities. The head of the Defense Agency (at the vice ministerial-level) for instance, is often a former Finance Ministry official. Key positions in the budget section of Defense are also held by MOF staff members, presumably because the public views the agency with distrust. The function of these officials is analogous to a bank sending an officer to participate in the management of a financially troubled company.

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The Economic Planning Agency, the National Land Agency, the Environmental Agency, the Administrative Management Agency, the Hokkaido Development Agency and the Okinawa Development Agency are all likely to have directors and key officials who were formerly in MOF. The director-general of the Cabinet Legislative Bureau, which oversees the actual drafting of legislation, is often a MOF representative. These agencies are not necessarily in need of money, as is Defense. "They need talent," the ministry explains to justify its influence.

MOF also has an extensive or controlling influence in a number of quasi-governmental agencies. The Japan Tobacco and Salt Public Corp. is a kind of sister corporation, and the presidency of the Bank of Japan has been shared by both Finance and BOJ executives. In fact, most government-owned financial institutions are under MOF's rule, including the Japan Development Bank, the Export-Import Bank of Japan, the Overseas Economic Cooperation Fund, the People's Finance Corp. and the Small Business Finance Corp.

Moreover, MOF has a presence within some local governments. The prefectures of Aomori, Iwate, Toyama, Ishikawa, Mie, Wakayama, Kumamoto, and the city of Yokohama have appointed mid-level MOF officials as deputy governors or key section bureaucrats. In the private sector, many former Finance officials are directors or senior managers of companies, especially in the banking industry. The Taiyo-Kobe Bank, Ltd., the Bank of Tokyo, the Japan Credit Bank, Ltd., the Hokkaido Takushoku Bank, Ltd., the Bank of Yokohama, Ltd., and the Jyoyo Bank, Ltd. have all had chairmen or presidents who were formerly MOF officials.

Even the legislative branch is often heavily influenced by the ministry's powers over expenditures. No lawmaker can propose a school, commercial or industrial project, or any other amenity for his district without Finance approval. Additionally, ex-MOF officials are found in both houses far more frequently than former civil servants from other agencies (Table 2). Because of the office's extraordinary jurisdiction, every prime minister deliberates very carefully before nominating the finance minister. Almost half of the appointees have been skilled technocrats who do not seem to have political ambitions. The other half have been chosen because of their capacity to balance factional powers. Of this last group, almost all have realized their ambitions to be prime minister -- including Hayato Ikeda, Eisaku Sato, Kakuei Tanaka, Takeo Fukuda and Masayoshi Ohira.

Capital Market Decontrol

The most characteristic MOF response to complaints about capital controls is that its responsibility is to protect the public interest, particularly with regard to the stability of the monetary system, the interests of domestic depositors, and the integrity of the yen. But there is some question whether these goals conflict with other agency activities, especially capital market liberalization. The ministry has been able to shelter certain sectoral interests which otherwise would have come in for heavy criticism. Quite a few present and former MOF officials acknowledged in an interview with JEI that the necessity of balancing competing interests in the financial sector has somewhat reduced its ability to make efficient economic decisions. The result has been foot-dragging on capital market liberalization and rising bilateral tensions. One younger member of MOF who declined to be quoted directly contended that MOF assumes that what is good for the domestic banking and securities companies is good for the public.

The focus of negotiations between the United States and Japan has now shifted to Euroyen market issues (see JEI Report No. 15B, April 3, 1984). The United States is pushing for deregulation of this market as a faster route to its goal of yen internationalization. American officials hope that this change can basically be accomplished without any substantial change in the laws that directly control Japan's domestic markets. But some people feel that deregulation of the Euroyen market would force a similar change on domestic financial markets.

The basic intent of Japan's monetary authorities is to ease the controls on financial markets while maintaining MOF's ability to conduct monetary policy. The concern is that rapid change could affect the ministry's control, especially if financial organizations do not have enough time to adjust to the changes. MOF's position is that Euroyen market liberalization should not precede domestic liberalization.

Based on this desire to proceed with caution, MOF, at the bilateral working group meeting on yen internationalization in Washington April 16-17, framed a short-, mid-, and long-term package devised to relax the rules in the Euroyen market. The plan addressed several U.S. objectives:

- Foreign corporations will be permitted to issue Euroyen bonds in June. Heretofore, the only qualified foreign issuers were governments and international agencies. (On April 1, about 30 major Japanese firms became eligible to issue straight Euroyen bonds and 108 Japanese firms were allowed to issue convertible bonds). The limit on the number of bonds that can be issued will also be relaxed.

- Foreign securities firms will be allowed to be the lead underwriter for Euroyen bonds.

- Short-term certificates of deposit in the Euroyen market will be allowed as of June.

- Short-term untied Euroyen loans to domestic companies will be authorized. (The existing regulations require that untied loans from abroad must be in dollars or other foreign currencies.)

Nevertheless, there is disagreement between officials of the two countries over how much progress was made at the April meeting. While MOF officials want to portray the problems as largely solved, the U.S. side emphasizes remaining problems, such as the fact that MOF rejected U.S. demands for medium- and long-term Euroyen loans and refused to eliminate income tax withholding on Euroyen bonds at the present time. Spokesmen for the ministry say MOF is afraid the elimination of withholding taxes would cause a substantial shift of bond issues from the domestic market, resulting in a reduction of tax revenues.

The question of seats on the Tokyo Stock Exchange has also been relegated to the distant future. The United States has asked for a prompt response, citing the access given to Japanese securities companies to the New York Exchange. Actually, since 1982, the Tokyo Stock Exchange has been open to foreign securities companies. Membership on the exchange is limited to not

more than 83 firms, however, and MOF officials say they cannot push for an increase in that number. The majority of the members have resisted any enlargement, which they see as threatening the value of their membership. Moreover, MOF officials are under pressure from the seven local stock exchanges, whose members feel an increase in Tokyo traders would reduce the number of transactions handled locally. Many Japanese securities firms are also anxious to become members of the Tokyo Exchange, which admits applicants from a waiting list only when a vacancy occurs.

Additionally, the MOF failed to approve a joint-venture application filed by Morgan Guaranty Trust Co. and Nomura Securities Co. to enter the trust banking business, as well as similar proposals between U.S. and Japanese securities firms. The requests are considered too radical for Japan, where financial firms are rather highly segmented by function. Besides separation of banking and securities firms, banking is divided into long-term banks, trust banks and ordinary banks, and is further segregated by city and regional categories. This issue strikes at the heart of MOF's tight control over the financial sector.

Liquor and Tobacco Industries

MOF is also responsible for the alcoholic beverage and tobacco industries. A reduction in the tariff on imported wines is a difficult issue for MOF, which had decided earlier to increase domestic taxes in FY 1984 on all alcoholic beverages, including a 35 percent increase on wines. A tariff cut on the imported variety would make it more competitive, particularly considering the tax increase on domestically produced wines. An official in charge of tax policy told JEI that "for Japan's wine manufacturers, the tariff cut combined with the domestic tax increase is a double shock. We will have to work hard to persuade them."

Administration of the tobacco industry is under the direction of the Japan Tobacco and Salt Public Corp. (JTS), with which Finance has a very close relationship. The corporation is under attack from the United States and the Administrative Reform Council to abandon its monopoly of the tobacco industry. The Nakasone administration had said it intended to settle the problem by reorganizing the corporation along the lines of the recently concluded Nippon Telegraph and Telephone Public Corp. reform. However, the legislation approved by the cabinet continues the government's monopoly (see JEI Report No. 16B, April 20, 1984). Despite the council's recommendation that JTS be replaced by a privately owned company, the new legislation gives the government more than two-thirds of the shares in the new tobacco company; it will actually hold 100 percent of the shares for the time being. As for the recommendation to allow imported tobacco to be freely sold at retail outlets rather than through a licensed distribution system, the subject is simply ignored in the new legislation.

The main actors in this showdown were the tobacco growers, whose Diet representatives lobbied vigorously to protect their constituents' interests. MOF and JTS mounted an effective campaign to protect the monopoly. In a statement striking for its candor, Minoru Nagaoka, JTS president, told JEI: "We have tried hard to open Japan's tobacco market, specifically by cutting the tariff from ninety to twenty percent during the past three years. As for the monopoly of the tobacco industry, I would like to keep it a monopoly, at least during the time I am corporation chief."

Prospects for Liberalization

How will MOF respond as those issues which have traditionally been its responsibility become increasingly internationalized? Some people associated with the ministry favor change. Teiichiro Morinaga, the former vice minister of MOF, said in an interview with JEI that "the MOF is backward (about) liberalizing markets. . . . liberalization should be accelerated." In addition, certain structural changes are being forced upon Japan. Capital markets are now subject to major influences arising from international financial transactions. Domestically, the accumulation of low-interest government bonds issued to cover extensive budget deficits has met with resistance from the private sector, and the BOJ has been forced to consider relaxing its control over financial markets. Officials of Finance seem to display the same paternalism that the United States has come to expect from other Japanese government agencies -- notably Agriculture -- which has tried to protect the beef and citrus growers in the name of "national security."

In discussing the agency's style, Naohiro Amaya, a former MITI official, described MOF as a force that fights from a fortress, as compared to MITI forces, which he said fights in the field. This view that MOF imposes its will through a "hardline" approach, while MITI's goals are accomplished with more concern for the sensibilities involved, is common. MOF, in fact, does not have an impressive record in situations where the fortress itself was shaken. In the summer of 1971, every country was shocked by President Nixon's announcement that the United States had decided to stop the convertibility of the dollar into gold. But Japan's reaction was far more exaggerated and emotional than other countries. Even within the MOF it was said that the agency was responsible for making the situation a near-catastrophe. Observers charged that MOF had been far too rigid in maintaining the exchange rate at 360 yen to the dollar, and had too strictly equated the yen rate with the stability of Japan's economy.

Fumiaki Ibuki, who left MOF to run in the lower house elections last December, told JEI that MOF is still responsible for guiding Japan insofar as effective fiscal and monetary policy are concerned. On the other hand, he admitted that circumstances have reduced Finance's overall authority. It remains to be seen whether the ministry can refine and liberalize Japan's monetary policy and begin applying to bilateral issues a non-confrontational dimension that would make progress possible. It is doubtful that liberalization would proceed quickly if left entirely to the ministry, but underlining trends will very likely force changes on Japan's capital markets faster than MOF expects.

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The views expressed in this report are those of the author and do not necessarily represent those of the Japan Economic Institute.

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